

48-2e-601 Dissociation as limited partner.

- (1) A person does not have a right to dissociate as a limited partner before the completion of the winding up of the limited partnership.
- (2) A person is dissociated as a limited partner when:
 - (a) the limited partnership has notice of the person's express will to withdraw as a limited partner, but, if the person specified a withdrawal date later than the date the limited partnership had notice, on that later date;
 - (b) an event stated in the partnership agreement as causing the person's dissociation as a limited partner occurs;
 - (c) the person is expelled as a limited partner pursuant to the partnership agreement;
 - (d) the person is expelled as a limited partner by the unanimous vote or consent of the other partners if:
 - (i) it is unlawful to carry on the limited partnership's activities and affairs with the person as a limited partner;
 - (ii) there has been a transfer of all of the person's transferable interest in the limited partnership, other than:
 - (A) a transfer for security purposes; or
 - (B) a charging order in effect under Section 48-2e-703 which has not been foreclosed;
 - (iii) the person is a corporation and:
 - (A) the limited partnership notifies the person that it will be expelled as a limited partner because the person has filed a statement of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation; and
 - (B) not later than 90 days after the notification the statement of dissolution or the equivalent has not been revoked or its charter or right to conduct business has not been reinstated; or
 - (iv) the person is an unincorporated entity that has been dissolved and whose business is being wound up;
 - (e) on application by the limited partnership, the person is expelled as a limited partner by judicial order because the person:
 - (i) has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the limited partnership's activities and affairs;
 - (ii) has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or the contractual obligation of good faith and fair dealing under Subsection 48-2e-305(1); or
 - (iii) has engaged or is engaging in conduct relating to the limited partnership's activities and affairs which makes it not reasonably practicable to carry on the activities and affairs with the person as a limited partner;
 - (f) in the case of a person who is an individual, the individual dies;
 - (g) in the case of a person that is a testamentary or inter vivos trust or is acting as a limited partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited partnership is distributed;
 - (h) in the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited partnership is distributed;
 - (i) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;

- (j) the limited partnership participates in a merger under Part 11, Merger, Interest Exchange, Conversion, and Domestication, and:
 - (i) the limited partnership is not the surviving entity; or
 - (ii) otherwise as a result of the merger, the person ceases to be a limited partner;
- (k) the limited partnership participates in an interest exchange under Part 11, Merger, Interest Exchange, Conversion, and Domestication, and as a result of the interest exchange, the person ceases to be a limited partner;
- (l) the limited partnership participates in a conversion under Part 11, Merger, Interest Exchange, Conversion, and Domestication;
- (m) the limited partnership participates in a domestication under Part 11, Merger, Interest Exchange, Conversion, and Domestication, and as a result of the domestication, the person ceases to be a limited partner; or
- (n) the limited partnership dissolves and completes winding up.

Enacted by Chapter 412, 2013 General Session